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SESSION 1935

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

HOUSING



REPORT TO THE HOUSE

OTTAWA
J. O. PATENAUDE
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1935

Price, 10 cents

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Clerk of the Committee.

ORDERS OF REFERENCE

HOUSE OF COMMONS,

MONDAY, February 18, 1935.

Resolved,—That Messrs. Morand, Bourgeois, Church, Dorion, Elliott, Ganong, Gray, Sullivan, Hanbury, Heaps, Howard, Howden, McIntosh, Peck, Plunkett, Rinfret, Stanley, and White (London), be appointed a Special Committee of this House to consider and report upon the inauguration of a national policy for house building to include the construction, reconstruction and repair of urban and rural dwelling houses in order to provide employment throughout Canada, and also to provide such dwelling houses as may be necessary, upon such terms and conditions as may be best adapted to the needs and requirements of the people, having regard to the cost of such a policy and the burden to be imposed upon the treasury of Canada; and to recommend the manner in which such a work should be proceeded with; and to hear evidence and to send for persons and papers in regard to the matters above set out; and that paragraph (1) of Standing Order 65 be suspended in relation thereto.

Attest.

ARTHUR BEAUCHESNE,

Clerk of the House.

FRIDAY, February 22, 1935.

Ordered,—That the said Committee be given leave to report from time to time.

Ordered,—That the said Committee be given leave to print from day to day 500 copies in English and 200 copies in French of the proceedings and evidence to be taken before the Committee, and of papers and records to be incorporated with such evidence; and that Standing Order 64 be suspended in relation thereto.

Attest.

ARTHUR BEAUCHESNE,

Clerk of the House.

FRIDAY, March 8, 1935.

Ordered,—That the said Committee be granted leave to sit while the House is sitting.

Attest.

ARTHUR BEAUCHESNE,

Clerk of the House.

(The First and Second Reports had reference to routine matters)

TUESDAY, 16th April, 1935.

The Special Committee appointed to consider and report upon the inauguration of a national policy of house building to include the construction, reconstruction and repair of urban and rural dwelling houses, and to recommend the manner in which such work should be proceeded with, begs leave to present the following as a

THIRD AND FINAL REPORT

Your Committee has held eighteen sittings, examined twenty-two witnesses, and from evidence adduced desires to present the following conclusions and recommendations:—

INTRODUCTION

In considering the reference we could find very little definite data covering the situation generally throughout Canada. There is an excellent report on housing conditions in Toronto, the Bruce Report, and a report just out from the Board of Trade and Civic Improvement League of Montreal, by P. E. Nobbs and Guy Tombs, a survey of Halifax and a partial survey of the City of Winnipeg, and evidence from the Dominion Bureau of Statistics, and witnesses as follows:—

- Mr. Noulan Cauchon, A.M.E.I.C., P.P.T.P.I.C., Hon. M.R.A.I.C., Consulting Engineer and Town Planning Expert, Ottawa.
- Mr. P. E. Nobbs, M.A. (Edin., Scotland), R.C.A., F.R.I.B.A., P.P.R.A.I.C., P.P.T.P.I.C.
- Mr. G. P. Gordon, Finance Commissioner, City of Ottawa, Ontario.
- Mr. J. Clark Reilly, Manager Canadian Construction Association, Ottawa.
- Mr. I. Markus, Secretary National Construction Council, Toronto.
- Mr. Gordon M. West, F.R.A.I.C., F.R.I.B.A., P.P.R.A.I.C., Acting President National Construction Council, Toronto.
- Mr. W. L. Somerville, F.R.A.I.C., F.R.I.B.A., A.M.N.C.A., P.P.O.A.A., Chairman Housing Committee, National Construction Council.
- Mr. James Henry Craig, B.Sc., M.R.A.I.C., P.P.O.A.A., Chairman Finance Committee on Housing of National Construction Council.
- Mr. J. A. Bradley, Member National Construction Council, Toronto.
- Mr. J. Y. McCarter, P.P.A.I.B.C., of McCarter and Nairn, Architects and Consulting Engineers of Vancouver, Vice-President Vancouver Board of Trade.
- Professor E. J. Urwick, Professor of Social Science and Economics, University of Toronto.
- Mr. S. A. Cudmore, Chief Statistical Branch, Dominion Bureau of Statistics.
- Mr. Alexander Officer, Chief Sanitary Inspector, Health Department, City of Winnipeg.
- Mr. A. M. Ivey, President and Manager of the Toronto Housing Company, Toronto.
- Mr. Armand Dupuis, representing Le Comite du Logement Salubre, Montreal.
- Mr. J. C. Rancourt, President Federation des Ouvriers du Canada, Montreal.
- Mr. Seraphin Ouimet, Consulting Engineer, Montreal.
- Mr. Ernest Kahn, National Housing Expert, New York.

Major T. D'Arcy Leonard, K.C., Solicitor, Dominion Mortgage and Investment Association, Toronto.

Mr. T. H. Main, President, Dominion Mortgage Investment Association, London, Ontario.

Mr. R. Henderson, General Manager, Canada Permanent Mortgage Association, Toronto.

Dr. W. C. Clark, Deputy Minister, Department of Finance, Ottawa.

Comprehensive housing and town planning rests upon a biological basis. The problem of town planning, which includes housing, is to create a condition of environment in which human life can thrive. Anything short of that gives deterioration and degradation of the human element and all the social and political ills that generally follow and accompany these processes. It is a problem having to do with the maintenance of human life and its enhancement, by providing proper physical environment.

A definition of town planning by the Town Planning Institute of Canada is: "Town Planning is the scientific and orderly disposition of land and buildings in use and development, with a view to obviating congestion and securing economic and social efficiency, health and well-being in urban and rural communities."

The crux of the problem of housing and town planning is congestion; congestion of traffic which affects the time-space or time-distance of accessibility to homes, congestion of houses, too many houses on the land; and congestion of occupancy, the overcrowding of houses. Thus we have three factors—traffic, the house itself and its occupants—coming into the problem for consideration.

Your Committee has heard evidence from many individuals and groups upon the sociological and economic principles involved and representatives of municipalities, Boards of Trade, public organizations, expert opinions and special interests. These presentations comprise exhaustive data and study relative to the existing conditions, basic requirements and recommended methods of alleviation of problems involved in and interrelated to the subject under investigation.

The "white collar" wage earners, with incomes at about \$1,250 can, in general, afford one-third of their incomes for rental but the semi-skilled factory worker and the unskilled labourer with incomes from \$550 to \$750 cannot, as a matter of social economics, afford to pay more than one-fifth of their incomes for rent.

Many people own houses for renting but do not wish to rent them at such figures, and, as a result, there is difficulty in finding proper accommodation. The trouble is that there never was accommodation designed objectively for the low wage earner.

The prevailing opinion would seem to be that the community as a whole has some responsibility for the housing of its people.

There will always be a large number of people who cannot afford to purchase a home, and it becomes the business of some agency, municipal, provincial or federal, to see to it that a sufficient number of suitable and sanitary dwellings are available for rent.

The situation is well illustrated by Mr. Officer, Chief Sanitary Inspector, Winnipeg, who, in referring to overcrowding before the Committee, said: "I have not the soul or the conscience to throw these people out, because there is no place for them to go; but as soon as our expectations are fulfilled, and the Dominion Government helps us out with cheap money and we can build places, we will apply pressure and get them out. But there is no use applying pressure now. There is no place for the people to go." And also by Professor Nobbs, who said: "As far as Montreal is concerned, a Government aided program of housing is long overdue."

Amelioration of social conditions, of which housing is a salient feature, is followed sooner or later by the normal and intellectual advance of the individual.

A NATIONAL POLICY OF HOUSING

The deliberations of the Committee have naturally led to its consideration of national housing policies in other countries.

The new British Housing Act is a vastly comprehensive and complicated measure covering rural as well as urban problems. It contains two basic principles, namely, the prohibiting of overcrowding by law and the providing of an ample supply of houses for lower wage earners involving Government subsidies, where necessary.

In Great Britain there have been 212 different reports and Bills on housing since the year 1838. In England the obligation of local authorities or municipalities to provide adequate housing accommodation is statutory. The Housing Act 1930, Section 25 (1), sets forth: "It shall be the duty of every local authority to consider the housing conditions in their area and the need of the area with respect to the provisions of further housing accommodation for the working class . . . and as often as occasion arises . . . to prepare and submit to the Ministry proposals for the provisions of new houses for the working classes."

Legislation embodied in the Housing Act, England, 1934, makes overcrowding a statutory offence, and prescribes the minimum adequate standards of accommodation permissible in England and Wales.

The number of houses built in England and Wales since 1919 is 2,335,122. Of these, 1,184,600 were built with subsidy. The National and Local Governments have contributed in subsidies £178,270,000 (\$891,350,000). In addition to this they are pledged to £16,000,000 (\$80,000,000) per year for many years to come. They have also invested in Recoverable Loans £337,000,000 (\$1,685,000,000).

In the United States the recommendation of the National Association of Housing Officials is: (a) the responsibility of securing provisions of adequate housing accommodation for those income groups of citizens in the United States whose housing needs are not taken care of adequately by ordinary commercial enterprise should be recognized as a Government one and its discharge should be entrusted to appropriate public authorities and government controlled agencies, (b) that the public credit and powers should be used to secure the needed standard of dwellings and of rents low enough to be paid by as many as possible of those now living in sub-standard housing without involving any charge on the taxpayer and that as regards those unable to pay even such low rents the minimum standard of housing should be recognized as a necessary part of subsistence and that considerable provision by some appropriate form of public subsidy or assistance should be made available for as long as may be necessary.

The following is a translation of a decree recently enacted in Mexico: "The Department of the (Federal) District, considering that on initiating for the first time in the Republic the solution of the problem of the workmen's house in urban centres the utmost facilities should be given and a sincere confidence among the classes which are to be benefited created, has seen to it that the houses of the workers should be at a cost within the means of the economic conditions of the persons acquiring them; lowering the property tax on them, abolishing the interest on the capital invested in their construction; creating a life insurance to cover the event of the death of the interested person; granting liberal periods of stay in partial payments in cases of suspension or loss of work; giving facilities for the acquisition of these houses by means of the intervention of institutions of credit and of the office of pensions; and, finally, giving facilities to the industrial or commercial enterprises of the Federal District to acquire blocks or houses for their workers."

Every country in Europe, the United States and Mexico either has a housing policy or has initiated one.

In Canada, under the War Measures Act, in the Order in Council appropriating \$25,000,000 for home building it is stated: (Sessional Papers 53, P.C. 3067, 1918), "The Minister observes that in view of the national importance of adequate and suitable housing accommodation, which affects vitally the health, morals and general well-being of the entire community, it is desirable that the financial assistance thus provided should be utilized at the earliest possible date in the provision of the housing accommodation, contemplated by the said Order in Council."

At a National Industrial Conference at Ottawa, 1919, composed of representatives of Federal and Provincial Governments and representative employers and labour men, the following resolution was unanimously carried: "That this Conference commends the attention of the Dominion and Provincial Governments in their united efforts to improve housing conditions and to provide facilities for the proper and satisfactory housing of our people and recommends increased co-operation of, and investigation by, the Dominion and Provincial Governments to find a satisfactory solution of the problem."

The Toronto Housing Company Limited, 1912, was formed by a joint committee representing the municipality, the Board of Trade, the Manufacturers Association and the Civic Guild of the City of Toronto for the purpose of providing workmen with suitable dwellings at moderate rentals.

A brief from the National Construction Council of Canada sets forth: "Domestic building touches the lives of our people daily. There is almost prima facie evidence that housing is entitled to some guidance from the State. There is a demand that something be done in regard to raising housing standards particularly for groups of wage earners who receive the least for their service."

In the report on housing and slum clearance for Montreal, made by a joint committee of the Montreal Board of Trade and the Civic Improvement League, under the joint chairmanship of Professor Percy E. Nobbs and Mr. Guy Tombs, it is stated: "As far as Montreal is concerned a government aided program of housing is long overdue; and that this is a matter fundamentally independent of the depression though aggravated by it."

In a report on housing conditions in Toronto made by a committee under the chairmanship of Lieutenant Governor Bruce, it is stated: "It should be urged on the Dominion Government particularly that no public works grants are so urgently needed as those for the rehousing of the poorest members of the community."

Your committee is of the opinion that the foregoing authoritative opinions are expressive of views which should guide the formulation of a housing policy for Canada.

CONSTRUCTION (NEW HOUSES)

From the evidence submitted it appears that the basic housing shortage lies in the needs of the low wage earner for whom the minimum of health and amenity should be provided on a basis of rental within his capacity to pay.

To meet this requirement, such housing must provide protection from the weather, adequate lighting and ventilation, be capable of being properly heated; be equipped with sanitary conveniences and drainage and be furnished with such facilities as make the amenities of family life sufficient, convenient and hygienic.

The minimum accommodation possible to meet such normal family requirements involves dwelling units having three bedrooms, livingroom-kitchen and bathroom, which accommodation meets the basic requirements of parents, and children of both sexes. Lesser accommodation would, of course, be ample where the family does not involve children.

Evidence has been submitted that Government aided house building can only be provided economically by mass production, that is, by building a great many houses at one time, that, in order to obtain low unit cost, they should be built in accordance with established sound town planning theories governing their accessibility, accommodation, site disposition, their number to the acre, selective occupancy and the zoning of housing areas to effect stabilization of the beneficial conditions obtained and the values invested.

The provision of houses, whether involving individual ownership or group dwellings for rent, if to be considered under any form of Government assistance, positively demands the necessity of their construction and maintenance under strict control and in keeping with definitely prescribed minimum standards of construction, accommodation and amenities.

RECONSTRUCTION (SLUM CLEARANCE)

A slum or a slum house is an insanitary house.

A sanitary house if overcrowded becomes insanitary and a slum.

A slum district is an area in which the substantial majority of the houses are in slum condition.

Slum clearance is almost altogether reconstruction which may be said to consist of undertakings involving large areas of one or more city blocks of high priced central land.

The Minister of Health in Great Britain, Sir E. Hilton Young, has spoken of the slums as representing a problem of "ridding our social organism of radiating centres of depravity and disease". In these words he has echoed the conviction of all thoughtful people.

Slums are a heavy indirect charge on the community. It is estimated by the Bureau of Statistics that crime costs us in Canada \$60,000,000 per year, taking into consideration the lost time of those in our criminal institutions. The Department of Health estimates that Public Health costs us, including all phases such as medical fees, hospitalization, etc., \$20,000,000 per year. These figures would be substantially reduced by the elimination of overcrowding and bad housing.

The Medical Health Officer, Glasgow, Scotland, reported mortality rates in houses as follows:—

	Death Rate
One-roomed houses	25.9 per 1,000
Two-roomed houses	16.5 " "
Three-roomed houses	11.5 " "
Four-roomed houses	10.8 " "

That is to say, the death rate in one-roomed houses was three times as great as in three-roomed houses.

The following figures are an indication of the effect of re-housing on the same sites in Liverpool, England.

	Deaths from all causes, per 1,000 population	Deaths from tuberculosis per 1,000 population	Infant Mortality per 1,000 births
Before reconstruction	37.0	4.0	259
After reconstruction	26.6	1.9	162
Entire City	18.0	1.7	119

The infant mortality rate of a community is controlled by many factors, and one of these, not least important, is housing. Infant mortality statistics furnished by the Department of Public Health, in Toronto, demonstrate this quite clearly. The infant mortality rate is the death rate for infants under one year computed per thousand living births. For Toronto as a whole, in 1933, this was 63.4. For the seven areas of bad housing it was 72.6 and for the four

areas of good housing 58.3. In Ward 2, Subdivision 2 (Moss Park) the rate was 121.2, which is almost double the rate of all Toronto; and in Ward 3, Subdivision 6 (the Ward) it was 83.3.

It has already been pointed out that juvenile delinquency in Toronto is more serious in areas where poor housing is prevalent. That the same relationship holds for certain crimes committed by adults is shown in the statistics of residence of convicted criminals supplied to the Committee by the Chief Constable. For example, in one district of which an intensive survey was made by the committee, in a total of 547 houses inspected, 315 were reported as below the committee's minimum standard of health and decency. The data supplied by the police show that among these houses one hundred were "convicted" in the year 1933 as betting, gambling or bawdy houses, or for violations of the liquor laws. Some of these houses were convicted as many as ten times although in practically every case the tenant had moved, after conviction, to some new location. This repeated conviction of certain houses with different tenants suggests even more forcibly than the high total of convictions that crime and poor environment are intimately related. The police summarize their conclusions in a comment accompanying the statistics by saying that "the environment created, (by bad housing conditions) through its encouragement of drinking, gambling, sexual laxity and petty crimes, makes a breeding ground for crime and is the cause of a great deal of juvenile delinquency and subsequent participation in major crimes.

According to an intensive survey made in Cleveland of a slum district where two and one-half per cent of the population lived, 22 per cent of the murders were committed, 6.8 per cent of boy delinquency, and 12½ per cent of the tuberculosis deaths occurred in this area. Although the per capita cost of fire protection in the City of Cleveland is only \$3.12 the cost in the slum area is \$18.72. Although the total tax income of this area is only \$225,000 the total municipal expenses are \$1,356,000, leaving a deficit of \$1,131,000, which must be made up by the rest of the community. If you add the contribution of the various unofficial agencies, such as Visiting Nurses Association, Maternity Hospitals, etc., we add \$615,000, so the total deficiency is \$1,740,000.

Evidence was given to show that the slum areas in Montreal, Toronto and Winnipeg are not yet so much a menace in themselves as they are to the potential areas of deterioration surrounding them. This creeping slum deterioration does great harm to adjoining real estate values. To clear up the slum areas in Canada requires the work of some central agency. The houses unfit for human habitation may be condemned but in order to clear up the area and to rebuild, compensation for buildings in good or partial repair must be provided for as the values of these buildings is, of course, lost when torn down.

No rehabilitation (repairs) should be done in areas distinctly held in view for subsequent slum clearance.

No figures can be given for slum clearance in general. Each case must be estimated on its own merits. It is estimated that to eradicate the slum areas and rehabilitate them would cost \$14,000,000 in Montreal and \$12,000,000 in Toronto, that is exclusive of accruing land equities involved.

The clearance of slum areas must await changes in Provincial and civic laws, which at present hamper speedy and economic action.

REHABILITATION (REPAIR)

Property generally has depreciated because of the fact that during the last three or four years money has not been available to owners with which to take care of ordinary repairs and maintenance and this has accumulated and is accelerating.

Many houses are to-day not up to standard simply for lack of repairs. More living units could be obtained more rapidly by repairing existing houses up to reasonable standards than by any other means. By such expenditure there would be kept intact funds already invested.

This was the first Government housing method undertaken in the United States and had the merit of making available a large mass of work, general in nature, and more or less equitably distributed throughout the country.

Provision should be made for that class of people to help them rehabilitate their homes but it is a complex problem.

There are no sources of statistics available but the need for repair is evidently general throughout the country.

Due to the depression, dwellings of all classes are in varying states of "deferred" repair.

If a dwelling, not too far gone, can be repaired and made "standard" at a cost commensurate with the results obtainable, then practically a new "standard" dwelling unit and accommodation is provided for at less cost than the new construction. Funds made available will provide a larger number of standard living units than if confined to new construction alone.

The difficulty is to determine the most feasible method of accomplishing this. Existing dwellings usually have mortgages as first liens and there may be arrears of taxes and of interest, all of which together often equal or exceed the existing equity in the more or less dilapidated premises.

URBAN AND RURAL DWELLING HOUSES

We have already dealt with the question of "urban" dwelling houses.

In regard to "rural" housing there is a definite lack of statistical and other information as to conditions or requirements as municipalities do not keep such records.

There is also the question as to whether the standards and inadequacies of rural housing might not properly be considered a duty and obligation of the Farm Loan Board.

Evidence has been submitted to the effect that there are worse living conditions in rural sections than exist in many of our cities but that there is no organization in rural districts to which the query can be addressed, "What are the conditions in your district".

Data of the Dominion Bureau of Statistics show that in 1921 there were 21,116 one family households of owners and 7,261 one family households of tenants, consisting of two or more persons and occupying one room only. There were also in rural Canada in 1931, taking owners and tenants together, 753 households of two or more families occupying one room only. Again, in urban Canada, there were in 1931, taking owners and tenants together, 11,975 householders of one family of two or more persons living in a single room and 94 households where two or more families live in a single room.

IN ORDER TO PROVIDE EMPLOYMENT (RELIEF)

The Dominion Statistician, Dr. Coats, states: "It would appear that at the present time the grand total expenditure of all government authorities for relief must be in the neighbourhood of \$100,000,000 in the twelve months ending March 31, 1935."

"The census of occupation, taken as at June 1, 1931, shows a total of 127,364 wage earners normally occupied in the building construction industry on that date. On June 1, 1934, it would appear that the grand total number of persons employed in the building construction industry in Canada on that date was approximately 34,500 out of the 127,364 as being wage earners in this

industry in 1931, leaving the number unemployed as of June 1, 1934, at approximately 93,000."

After a period of slump and depression when the spending of public funds becomes a policy for the purpose of finding employment and setting the wheels of industry and commerce revolving again, house construction presents certain very clearly defined advantages over many other classes of work.

It distributes the full capital cost in the form of purchasing power. Practically the whole expenditure is spread over a wide range of trades, labour and materials. Even the cost of the latter is mainly represented by wages to different classes of labour engaged in home industries.

Mr. J. Clark Reilly, giving evidence for the Canadian Construction Association, said that his information showed that in 1920 the trade unions reported only three to seven per cent out of work, and in 1926, seven to eight per cent. In 1933 the figure of unemployed in their ranks rose to seventy-one per cent of skilled men.

The Bank of Nova Scotia's Review quotes a total for eleven years of \$1,143,800,000 spent upon residential construction down to 1931. They give us the annual average as \$104,000,000 and to show how this has dropped they state that in 1932 it was \$28,900,000, in 1933 \$23,900,000 and in 1934, \$30,600,000 in residential construction.

Mr. Reilly adds, that from the best survey that the Construction Association has been able to make it would appear that from eighty to eighty-two per cent is the total amount of the value of labour involved in a house but it varies with the type of houses.

The representation from the Canadian Construction Council submitted that, according to data they had obtained, sixty per cent of the unemployed are workers normally dependent upon construction for employment.

Reference was also made to a statement originating with the Cleveland Trust Company that last June the unemployed in the durable and building goods industries in the United States totalled 4,700,000; and that there were unemployed in consumable goods 500,000 and in services 3,900,000 or a total of 4,400,000. Therefore it was fairly obvious that were the 4,700,000 unemployed in the building and durable goods industries re-employed, the spending of their earnings would employ the 4,400,000 in the consumable goods and services industries. This was given as an illustration of how re-employment in the durable goods industries is essential to general recovery.

Mr. Armand Dupuis stated in his evidence: "There has been no construction in the past three or four years in Montreal, whereas in the twenty years which preceded them construction was the main industry in Montreal."

And further he said: "It would be the means of putting into circulation eighty per cent of the cost of the work in the form of wages. That eighty per cent is not a fancy figure, it has been given to us by a number of reliable contractors as being the amount of money in connection with the construction of small houses, and incidentally, it is the form of expenditure through which money gets back into circulation the faster."

Mr. J. Rancourt says: "It is admitted at the present time that the construction of dwellings in Montreal during the last five years has been very little. It will be necessary if we are to keep up with the increase of population to have somewhere around 25,000 to 35,000 flats built."

He also stated: "You must also remember that in a city like Montreal one-eighth of the population of workers is employed in the construction trades and at the present time with no construction going on, we have about 46,000 heads of families on direct relief. These 46,000 heads of families represent about 200,000 people who are being supported in Montreal at the present time."

"If we base our situation at the present time on the facts as we know them rent would be limited to from \$10.00 to \$15.00 per month but I believe if these people were working a rent of \$20.00 to \$25.00 would easily be paid in Montreal."

Evidence as to the cost of relief in Ottawa, per annum, of the maintenance of a family of five was given by Mr. Cauchon. It comes to over \$627 per family, per annum, exclusive of the cost of education.

The English report on A National Housing Policy states: "In the building of houses, owing to the large amount of labour in their erection and in the making of materials and fittings used, the saving in maintenance which must be forthcoming for the men, if left unemployed, is especially great. In England this maintenance is provided through definite insurance or public unemployed allowances, and the amount is known. In Canada public assistance and private charity co-operate and the actual cost is indeterminate. In England it is estimated that for every dwelling not built, about \$375 has to be paid for the maintenance of labour that would have been employed in providing a house costing \$1,500. It would appear, therefore, to be an actual extravagance to maintain operatives in idleness by not erecting dwellings when these are urgently needed."

From "A Housing Program for the United States" by the National Association of Housing Officials we extract the following: "In time of industrial depression and consequent unemployment, low-cost housing provides one of the most effective and least costly types of relief works because:—

- (a) It does not displace work which would otherwise be undertaken by private enterprise.
- (b) It expends the capital cost mainly in labour widely distributed among the branches of the building industry and others which manufacture the materials, equipment and furnishings.
- (c) It transforms what are at such times idle credits into revenue-earning and self-liquidating assets, which may be regarded, therefore, as investments rather than as debts, and are likely over a long period to prove good investments.
- (d) Owing to the large proportion of labour involved, each dwelling built saves a very substantial sum which might otherwise be spent in the maintenance of the unemployed.
- (e) The provision of good housing and slum clearance produces probably the greatest amount of social amelioration of any comparable kinds of relief work.

Finally, the reference indicates that one of the main objects of the Government is "In order to provide employment" and in such manner as will be most conducive to national recuperation of business—production and industry—through a national policy of house building.

For social and economic recuperation and advance through the relief of unemployment, the fostering of "housing" for the low wage earners now living in undesirable and unhealthy slum conditions is the most promising as distinct from higher class houses for those who can be financed through usual financial methods and agencies.

Evidence has shown that the median line above which financial institutions can reasonably begin to assist is the \$3,500 capital cost line.

Below the \$3,500 capital cost line the necessary financial set-up is admitted to be non-self-liquidating at commercial rates of interest, i.e., without extraneous aid it cannot approach an equitable human standard of health and amenity.

Low interest assistance for houses above the \$3,500 median line will seemingly seriously affect the existing mortgage investments as contracted for and will deter further extension of private funds into the higher classes of residential buildings.

Even with the admitted \$3,500 median line restriction on aided "housing" the mortgage companies claim there would still be a sympathetic drop in rentals above the median line. Yet a broad policy of this "housing" will provide one of the best distribution of wages on an investment basis to replace a considerable proportional amount of the present unemployment costs.

TO PROVIDE SUCH DWELLINGS AS MAY BE NECESSARY, UPON SUCH TERMS AND
CONDITIONS AS MAY BE BEST ADAPTED TO THE NEEDS AND
REQUIREMENTS OF THE PEOPLE

The first consideration is to establish the shortage of dwellings existing in Canada, particularly in respect to adequate shelter for the low wage groups.

From the evidence adduced there appears to be a very substantial shortage due to:—

1. The ever existing normal shortage of such houses by reason that there has never been a purposeful design or construction to meet such requirements by private initiative; and to lack of economic return from this class of building;
2. The "lag" in general dwelling construction since the depression and the concurrent forced neglect and deterioration of the existing dwellings.

The program of assisted housing which the Montreal Committee recommends as necessary for Montreal is:—

1. To liquidate existing slums.
2. To prevent slums on a far greater scale from developing all over the metropolitan area in the future (which is the really important thing).
3. In due time to provide a substantial amount of low rent housing, without aggravating the difficulties of the small proprietors. The proposal is to provide under corporate ownership and collective management 4,000 dwellings per annum for twenty years.

Survey by the Assessment Department in Toronto showed between 7,500 and 10,000 families doubled up.

In Ottawa, during the past four years of financial depressions 5,842 persons were added to our population by natural increase (excess of births over deaths) and at the same time 4,917 more people moved into the city than left, making a total increase in population of 10,759.

At the beginning of this period there was no surplus of low rental houses and during these three years building of that class of houses has been practically at a standstill with the result that many houses which formerly accommodated one family in a satisfactory and sanitary manner are now occupied by two or more families for which they are not adequate.

The Bruce Committee came to the definite conclusion that in the City of Toronto there are at this moment at least 2,000 houses unfit for human habitation and in all probability 3,000 or over. It will take \$12,000,000, assuming that they propose to rebuild between three and four thousand houses.

The Dominion Bureau of Statistics sets forth that in the good years up to 1929 the value of residential building undertaken in the reporting cities was approximately \$50,000,000 to \$60,000,000 per year, which would compare closely with the Bank of Nova Scotia figures of \$100,000,000 for all Canada, since the increase in the population of these sixty cities equals about one-half of the increase in the population of Canada as a whole. But instead of there being \$50,000,000 to \$60,000,000 of new residential buildings in these reporting cities during 1933 there was only about seven and a quarter millions of such buildings, and in 1934 this amount was increased somewhat to \$8,600,000.

The Chief Sanitary Inspector of Winnipeg states: "We need a large number, probably no less than 1,500 at least, probably quite as many again, of say four rooms."

"One thing that we found in the four districts surveyed was that of the total of 1,890 houses surveyed in the four districts, we found 1,300 rooms used for both cooking and sleeping—families living in rooms that they had to both cook and sleep in to the number of 1,300 rooms."

"During the last five years some 1,466 dwellings have been demolished, of which approximately fifty per cent were demolished on order from the department. The remainder were voluntarily torn down by the owners, but in many cases as a result of a warning from the department. In addition, many dwellings were condemned and closed. Few, if any, new houses have been built to replace these. We have the officers and we have the by-law to take care of sub-standard houses, but we have not the houses to put these tenants in if they are vacated."

Twenty-five thousand dwellings are classed by the Board of Health of the City of Montreal as insanitary.

Mr. J. C. Rancourt states: "Many of our labourers are out of work in the Province of Quebec, and in Montreal in particular there are many workers in the different trades in the construction line, helpers and tradesmen. After four years of this direct relief regime the misery suffered by the workers is at present considerable. A great many of them have been obliged to sell their furniture and to dispose of their insurance policies and to live under deplorable conditions. In many cases two and three families are living in the same flat, and very often some families live in one room. The morale of the people is gradually disappearing. The inspectors of social service have found very serious cases which demonstrate that the morale is decreasing gradually among the working classes."

The Montreal Report shows that nearly 80,000 householders are paying disproportionate rentals. The shortage of low rent dwellings in Montreal is seen to be very great. For a long time there has been a marked shortage in low rent dwellings quite apart from standards of accommodation. The prevailing type of dwelling under the present system of ownership and management fails to provide accommodation for the lower wage earners, at rents they can afford to pay. An acute actual shortage of dwellings is now in sight.

According to the Montreal Report, the approximate incomes and rents payable, by low wage earning groups, are:—

APPROXIMATE INCOMES AND RENTS PAYABLE BY WAGE EARNING GROUPS

Economic Group	Income Range	Average	Proportion Available for Rent	Rent per Month
1. White collar workers, etc.....	\$1,000-1,500	\$1,250	$\frac{1}{4}$	\$34 70
2. Artisans, skilled wage earners	850-1,025	940	$\frac{1}{4}$	19 60
3. Semi-skilled intermediate	650- 850	750	$\frac{1}{4}$	12 50
4. Unskilled, low wage groups	450- 650	550	$\frac{1}{4}$	9 20

According to the census June, 1931, there were 16,502 individuals in Toronto who earned in aggregate, during the preceding 12 months, \$10,112,200; an average wage of \$613.

To the question of what constitutes a minimum standard of decent housing accommodation, the answer of expert opinion is: "The three bedroom and living-room-kitchen house, which can be let within the means of the lower paid wage-earners. A family cannot be adequately accommodated in less than three bedrooms if parents and boys and girls are to be accommodated in different rooms. Quite apart from this problem of "family" accommodation, suitable accommodation will have to be made for those families without children and others whose needs are on a lesser scale, for example, aged people and pensioners.

The dwellings most needed are units "to rent" at a fixed minimum and not those "for sale". The evidence encouraging those with assured employment and good pay to purchase their homes outright does not apply to the lower paid, or migratory, workers. A worker with a low wage may limit his future prospects of employment if he is tied to a locality, as irregularity in employment may prevent his keeping up instalment payments. No such financial obligation should deprive him of freedom to follow up opportunities of finding work elsewhere. Further, if he is in financial difficulties he is unable to keep his property in repair, and is probably forced to sub-let or take in lodgers, thus providing the nucleus of a new slum. Workers should not be obliged to buy their own houses through the absence of the alternative of houses to rent.

Evidence relative to family budgets of low paid workers made by competent investigators, indicates clearly that householders having dependents and whose incomes average between \$500 and \$750 per year cannot rightly afford more than \$10 to \$15 per month for rent. Since the monthly earnings of a very large proportion of the workers in this country probably do not exceed \$60 the problem is to provide houses to rent at \$10 to \$15 per month. This scale of rent must cover interest and amortization, insurance, repairs, maintenance, management, taxes, etc., or failing such coverage the shortage must be provided for from some source other than rentals.

The provision of low rental housing means a reduction in the problems of under nourishment, tuberculosis, hospitalization and health, with their attendant social costs; apart altogether from the fact that it also releases a steadier volume of working class purchasing power for the other necessities, comforts, and conveniences of life.

It may also be said that housing at such rents cannot be economically provided—that these minimum rents will not cover the costs. But this again is the very essence of the Housing Problem. There is a point at which private enterprise working on ordinary commercial lines cannot provide for certain groups of the community. The figures quoted above suggest clearly that the unskilled and lowest paid wage earners and at least some proportion of the intermediate and skilled workers are within these groups—approximately 140,000 wage earners, or 80,000 households in the area to which the Montreal Report has reference are included in such groups.

Whether it be as a matter of principle, or as a problem of finance, the public interest is involved in the solution of the housing problem for this part of the population. Granted certain minimum standards of accommodation and amenity, such standards can be secured only by regarding their provision as a public responsibility.

The Bureau of Statistics states: "The Natural increase in the population of Canada in the last three years for which we have a record, 1931-1933, is at the average rate of 130,000 per annum, which, at the average rate of 4.68 per household, would mean an addition of over 27,500 new households per annum."

"The number of permits issued for sixty Canadian cities for the construction of dwellings and for repairs and improvements have dropped from 14,556 in 1929 to 2,609 in 1934."

"The total number of residential contracts awarded in Canada, according to McLean Building Reports, was 25,275 in 1929 and 10,135 in 1934. It would appear from this figure, as it appears from the Bank of Nova Scotia study, that the residential accommodation provided in the last three years has not been much more than one-third of that which is required for the proper housing of the increasing population of the Dominion. It is not an unfair assumption where the average contract is only \$3,000, the total residential construction for 1932-1933-1934 would provide homes for some 27,500 households, while the equivalent of some 82,000 households have been added to the population of the Dominion in three years. On this basis some 35,000 additional houses or apartments are

needed at this moment to supply the past deficiency and a further 27,500 houses or apartments are needed this season to take care of the increase in the present year."

"To-day we have only nine thousand unoccupied dwellings in Montreal and in the meantime the population keeps on increasing at a rate which requires about six thousand new dwellings per annum, of which fully four thousand would be for the low wage earning groups."

The Hygienic Housing League delegate states: "Twenty-five thousand dwellings are classed by the Board of Health of the City of Montreal as insani-tary."

The Bruce Report, Toronto, states: "If reasonably full employment were to return and marriages delayed by the depression were to take place, it is possible that a shortage of some 25,000 dwelling units would become apparent."

The Department of Health, Winnipeg, states: "We need a large number, probably no less than 1,500 to 2,000 or more, houses for the low paid working-man."

Summary of evidence of the condition of "housing" shortage is as follows:—

	Yearly Requirements	Cumulative Shortage
For Canada—		
The Dominion Bureau of Statistics.....	27,500	55,000
required for 1935.....		27,500
Total		82,000
For Toronto—		
The Bruce Report (for the city of Toronto)	4,000	25,000
Montreal Board of Trade—		
The Nobbs Report	4,000-6,000	
required for 20 years		80,000
Winnipeg	1,500 to 2,000	

Witnesses were of the opinion that because of existing industrial conditions many marriages had been deferred, that the young people had tired of waiting; that there is a much larger increase in the number of families than there is in population for two reasons—the increased number of marriages and the decreasing average size of the family.

For this reason we believe the Bureau of Statistics estimate of the annual increase in the number of families, based on increase of population, under-estimates and that in place of the increase of 25,000 families per year it is nearer thirty thousand.

The Bureau of Statistics estimates that there is at present a shortage of 55,000 houses in Canada. This estimate is based on the amount of new building and does not take into consideration houses condemned or that should be condemned as unfit for human habitation. The needs must be much greater than this.

THE COST OF SUCH A POLICY AND THE BURDEN TO BE IMPOSED UPON THE TREASURY OF CANADA

Evidence adduces that the average cost of a "three bedroom, livingroom-kitchen unit type of housing," i.e., a normal standard of family accommodation providing separate sleeping accommodation for parents, boys and girls, is as set

forth below. The lesser requirements of those without families and of old people would be relatively less.

	Cost per Living Unit
Cauchon Evidence (two storey type, in groups) ..	\$ 2,500 00
Bruce Report (Toronto)	2,700 00
Nobbs Report (Montreal, including slum clearance) .	3,500 00

It has also been adduced in evidence that the normal average of monthly rent possible of payment by low wage earners (\$500 to \$1,250 yearly) is \$10 to \$15 per month. The following statement is based on an average of \$12.50 per month on an all-inclusive capital expenditure of \$2,700 as submitted by the Bruce Report and confirmed by the National Construction Council.

Taxes (land and buildings) .. .	\$ 55 00	\$ 55 00
Management .. .	15 00	15 00
Insurance .. .	4 00	4 00
Maintenance .. .	40 00	40 00
Amortization in 50 years .. .	16 95	16 95
Interest on \$2,700 at 6 per cent ..	162 00	at 4% 108 00
	<hr/>	<hr/>
	\$ 292 95	\$ 238 95
Less yearly rental at \$12.50 per month .. .	150 00	150 00
	<hr/>	<hr/>
	\$ 142 95	\$ 88 95

It is to be observed that at a yearly rental of \$150 (\$12.50 per month), there is an annual deficit of \$142.95 with interest rate of six per cent and of \$88.95 with interest rate of four per cent. Such revenue returns mean that the capital would have to be furnished without interest return, but at the end of the amortization period the capital would have been returned and there would have accrued the equity of land and buildings, which, in view of the adequate provisions allowed against management and maintenance, should be in good physical condition. It is to be noted that the foregoing has been based on a four-roomed dwelling unit, and that, in view of smaller sized units being largely in demand at a uniform rental, the actual showing would be correspondingly enhanced.

There is a close and vital relationship between the rate of interest and the price at which houses can be rented. With provision of funds at low rates of interest there is brought into the line of possible achievement the provision of dwellings of higher grades and accommodations to a degree varying with the relative price of money available. This has been demonstrated in actual experience, as for instance, in the housing undertakings of the Toronto Housing Company, which, with funds guaranteed at five per cent by the City of Toronto to the extent of eighty-five per cent and with capital stock to the extent of fifteen per cent, limited in its earnings to six per cent per annum, provided housing in Toronto during high material cost conditions, on a commercial basis at rents suited to the incomes of tradesmen and white collared classes. There is reason to believe that private capital is available now and in considerable amounts for utilization in a parallel way by organized limited dividend companies under conditions which would allow of the utilization of funds at similar interest rates.

If the Government would advance eighty-five per cent of the necessary funds at five per cent or less, leaving the balance of fifteen per cent to be provided by housing companies or if, as stated by its solicitor in evidence, the Dominion Mortgage and Investment Association's members would furnish money to the extent of sixty per cent of the equity involved at five and a half per cent,

and the Government advanced twenty-five per cent of the funds at three and a half per cent, this would average a little under five per cent for eighty-five per cent of the equity and leave the balance to be provided by private enterprise, our information is that such a policy would start a large house building program.

The National Construction Council in evidence states that sixty-four per cent of the all-in cost of housing represents labour costs. Therefore, of every \$1,000,000 expended on housing \$640,000 would be spent in wages. Again, it is estimated that twenty-five per cent of the moneys involved in housing costs in England represents moneys which would otherwise have to be spent in maintenance of unemployed tradesmen if the houses were not built. If this comparison be applicable to Canada, it would mean that of each \$1,000,000 expended on house construction \$250,000 thereof would be withdrawn from funds now devoted to relief.

If we start from the principle that the provision of a minimum standard house for every family in the country should be adopted as a national responsibility and such principle be adopted, the question would be: "How can such policy be most cheaply and advantageously financed?" It is submitted that this question must be answered: "By the issue of national funds fully guaranteed, administered in a manner and to the extent deemed necessary and to be determined, and enabling a national housing program to be carried out at the lowest possible rates of interest, with minimum building costs, and with the least possible assistance in the form of subsidy.

Such funds, raised under guarantee at minimum rates, would have the effect of widening the range of houses which could be rented at an economic rent without the assistance of subsidy. This would take place to such an extent that it would reduce the need of subsidy in all but those special cases where taxes are high or land expensive or where the minimum economic rent possible in relation to the capital expenditure involved is beyond the worker's capacity to pay.

If a national housing scheme is to achieve the building of working class houses at an economic rent, due advantage must be taken of such low rates of interest as may be possible or may be arranged.

The lower the rent, the less the risk of loss or default, and less the need for a subsidy. Therefore, to minimize the risk and the need for a subsidy, it is important to keep rents as low as possible, and there is nothing which can do more to keep down costs than a low rate of interest. The lower the rent the larger the number who can afford to pay it, and the smaller the number of those who must be assisted directly or indirectly from public funds to do so.

It is believed that with low interest rates, and control over excessive building costs and excessive prices for land, a very large proportion of the needed houses can be built without the aid of any subsidy. When this is impossible, as for example, where it is essential to build houses on expensive sites, or in cases where incomes of low wage earning groups are such as preclude payment of economic rents, a subsidy of some kind will be unavoidable. One of the important tasks is to provide for the securing of full data respecting the extension of subsidies and the conditions and restrictions which should apply to such grants. In principle, it is undesirable that people should be housed on needlessly expensive sites in the middle of towns since the land, if worth the high price asked, must be in demand and could be used more appropriately for other purposes.

There is no justification for allowing those who can afford economic rents to be housed at less cost to themselves in subsidized houses at the expense of the public purse. Selective tenancy, based on the ability to pay, is essential.

Experience shows, and evidence submitted confirms, that the lowest paid sections of the community cannot afford to pay a rent much less a price, for the standard of accommodation which society must from time to time fix in its own interest as a minimum needful to maintain health and social welfare. Such

accommodation can not be provided on the basis of rates of interest and profits as would enable the speculative house builder to undertake the work. The difference in rents which may be based on six to eight per cent rates in the one case and in much lower interest rates in the other is vital to the lower paid sections if they are to be benefited by any housing project. The British MacMillan Report claims that in reference to British conditions "a fall from six per cent to four and a half per cent in the rate of interest on loans against houses is nearly as good as a fall of twenty-five per cent in the cost of production, when it comes to calculating the minimum level of rent which will prove profitable. Consequently, unless these houses are built by some public or semi-public organization, which seeks no return beyond the lowest interest possible for well secured capital, the dwellings are not provided at all. These people must depend on occupying houses which their more fortunate neighbours have vacated, overcrowding the same, turning each room into a dwelling, and ultimately creating the slum condition with which all are but too familiar."

The building of dwellings for the lowest income sections of the community is in less danger of competing with any work that private enterprise could or would undertake than any other kind of public works.

Your Committee desires to acknowledge its appreciation of the assistance derived from the British Report of the National Housing Committee, "A Housing Program for the United States," the Toronto (Bruce) Report and the Montreal Board of Trade and Civic Improvement League (Nobbs and Tombs) Report; also from the many experts and other individuals who gave valuable evidence voluntarily and at considerable sacrifice to themselves.

Your Committee also desires to express its appreciation to Mr. Noulan Cauchon for his untiring interest and valuable professional advice and guidance voluntarily extended to the Committee and its Chairman during the entire period of its sessions.

Mr. J. M. Kitchen also contributed liberally and voluntarily of his time and services.

A complete copy of the proceedings and evidence taken before the Committee is tabled herewith.

THE EVIDENCE SUBMITTED HAS EMPHASIZED THE FOLLOWING

1. The term "housing" should be considered to include construction, reconstruction, repairs (rehabilitation), demolition of houses and slum clearance.
2. Housing is primarily the direct responsibility of the individual co-operating with the local authority.
3. A national emergency will soon develop unless the building of dwellings be greatly increased.
4. The formulation, institution and pursuit of a policy of adequate housing should be accepted as a social responsibility.
5. There is no apparent prospect of the low rental housing need being met through unaided private enterprise, building for profit.
6. The magnitude of the task involved in any program designed to eliminate in its entirety the housing problem in Canada is fully realized and appreciated; that such a program would involve intensive, continuous application and effort over a period of years is manifest; but that the initiation of such is imperative is obvious from even the necessarily limited inquiry into prevailing housing conditions in which it has been your Committee's privilege to engage.
7. The accurate determination of the number of houses required to meet the needs of the people, annual and accumulative, and to overtake existing

shortage, must necessarily be the subject of intensive direct and statistical investigation. At least the provision of dwelling units to the number of 25,000 should be initiated immediately throughout Canada.

8. Selective tenancy of Government aided housing should be based on total family income and ability to pay economic rent.

9. The acuteness of the housing problem lessens to the degree that the wage scales of low wage earners is improved.

10. Provision should be made for long term mortgages, in view of the long term amortization generally associated with housing.

11. A major item in the financing of housing is interest charges. There is, therefore, a close and vital relationship between interest charges and economic rents.

12. That the principle and institution of mortgage banks, as established in other countries, be investigated with a view to their effect upon the lowering of housing costs.

13. That slum areas have been shown to cost very heavy expenses on many branches of public administration such as health, welfare, fire prevention, administration of justice, etc., may justify public assistance, which is likely to prove as sound financially as it is certainly desirable socially.

14. Against public liabilities may be set certain very real, if in some cases, immeasurable, assets. Good housing means less expenditure on prevention of disease, less crime, greater benefits for education, less unemployability as opposed to unemployment. The elimination of bad conditions has a cash value as well as a moral value to the nation. Further, there are wider economic aspects to consider. Bold and constructive housing projects will increase employment both directly and indirectly through the activity generated. To mitigate any liabilities on the national finances the cost of unemployment would be directly reduced, tangible and needed assets will be created, the yield of sales and income taxes will be increased by the profits of those in building and industry as well as those who benefit from the increased spending power of wage earners employed through the undertaking.

15. Reference made in this report to the low monthly rental possible of payment by low wage earners should not be accepted in any way as indicative of the setting of any wage scale. Government assisted housing should not be taken advantage of to reduce the standard of living.

16. That the initiation of a policy of new construction and particularly of repairs (rehabilitation) will appreciably stimulate private owners to do likewise, will also proportionately release for demolition slum buildings presently retained for want of other accommodation.

17. The construction industry lends itself most effectively to the alleviation of unemployment and consequently to a reduction of those relief charges now being borne by federal, provincial and municipal taxpayers.

YOUR COMMITTEE THEREFORE RECOMMENDS

1. That a Housing Authority be established with power to initiate, direct, approve and control projects and policies, and to allocate such moneys, as in the opinion of Parliament, may be necessary for the purpose of assisting a program of urban and rural housing.

2. That said Authority be authorized to negotiate agreements with any province, municipality, society, corporation or individual with a view to promoting construction, reconstruction and repair of such dwellings as may be

necessary, and the extension of financial assistance at such favourable rates of interest, periods of amortization and other terms, as shall encourage housing.

3. That as its first consideration the said Authority be urged to take action in respect to repairs (rehabilitation), presently needed.

4. That such national housing policy be so framed, with respect to provision for employment, as to endeavour to co-relate and co-ordinate the efforts of provincial, municipal and other public authorities, and private agencies in relation thereto.

All of which is respectfully submitted.

A. D. GANONG,
Chairman.